

Assembly Bill No. 326

Passed the Assembly August 14, 2006

Chief Clerk of the Assembly

Passed the Senate August 10, 2006

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 275 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 326, Blakeslee. Telephone corporations: universal service.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund in the State Treasury and requires that the moneys in the fund be expended, upon appropriation, only to accomplish a specified telecommunications universal service program. Existing law provides that moneys in the fund are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.

This bill would make legislative findings and declarations that, because maintenance of universal public switched telephone network service throughout the state and maintenance of public safety answering points in high-cost areas of the state rely on appropriations from the fund, maintaining adequate funding levels for the fund is critical to public health and safety.

The people of the State of California do enact as follows:

SECTION 1. Section 275 of the Public Utilities Code, as amended by Section 1 of Chapter 767 of the Statutes of 2004, is amended to read:

275. (a) There is hereby created the California High-Cost Fund-A Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of a program to provide for transfer payments to small independent telephone corporations providing local exchange services in high-cost rural and small metropolitan areas in the state to create fair and equitable local

rate structures, as provided for in Section 739.3, the development of a grant program for the construction of telecommunications infrastructure as set forth in Section 276.5, and to carry out the program pursuant to the commission's direction, control, and approval.

(b) All revenues collected by telephone corporations in rates authorized by the commission to fund the program specified in subdivision (a) shall be submitted to the commission pursuant to a schedule established by the commission. The commission shall transfer the moneys received to the Controller for deposit in the California High-Cost Fund-A Administrative Committee Fund. All interest earned by moneys in the fund shall be deposited in the fund. Any unexpended revenues collected prior to the operative date of this section shall be submitted to the commission, and the commission shall transfer those moneys to the Controller for deposit in the California High-Cost Fund-A Administrative Committee Fund.

(c) Moneys appropriated from the California High-Cost Fund-A Administrative Committee Fund to the commission shall be utilized exclusively by the commission for the program specified in subdivision (a), including all costs of the board and the commission associated with the administration and oversight of the program and the fund.

(d) The Legislature finds and declares that, because maintenance of universal public switched telephone network service throughout the state and maintenance of public safety answering points in high-cost areas of the state rely on appropriations from the California High-Cost Fund-A Administrative Committee Fund, maintaining adequate funding levels for the fund is critical to public health and safety.

Approved _____, 2006

Governor